

FILED

JUN 21 2007

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION    INDIANA UTILITY  
REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF    )  
THE BROWN COUNTY WATER                )  
UTILITY, INC. FOR APPROVAL OF A        )  
NEW SCHEDULE OF WATER RATE           )        CAUSE NO. 43203  
AND CHARGES AND TO INCUR               )  
FINANCING INDEBTEDNESS.               )

**STIPULATION AND SETTLEMENT AGREEMENT**

This Stipulation and Settlement Agreement (the "Settlement Agreement") is entered into by and between the Petitioner, Brown County Water Utility, Inc., ("Brown County Water" or "Petitioner") and the Indiana Office of Utility Consumer Counselor (the "OUCC") (collectively, the "Settling Parties"). The Petitioner and the OUCC have been duly advised in the premises by their respective staff, experts, and counsel; and they each now hereby stipulate and agree, solely for the purpose of compromise and settlement, that the terms and conditions incorporated in this Settlement Agreement and the proposed final order of the Commission attached hereto as "Exhibit A" (the "Final Order"), constitute a fair, reasonable and just resolution of all issues in this proceeding, subject to their approval by the Indiana Utility Regulatory Commission (the "Commission" or "IURC"), without modification or further condition that is unacceptable to any Party.

1.     The Settling Parties jointly stipulate that all testimony and exhibits pre-filed in this cause be admitted into evidence without further hearing, procedure, or cross-examination; and each of the Settling Parties hereby waives its right to cross-examination

or to present further evidence of any kind or nature other than evidence filed or submitted in support of this Settlement Agreement.

2. The Settling Parties stipulate and agree that the Commission should accept and approve the agreed revenue requirements and grant the agreed two-increment rate increase shown in "Exhibit B" to this Settlement Agreement, instead of the three-increment rate increase previously recommended by the OUCC and instead of the single-increment rate increase originally proposed by the Petitioner. The second increment of the agreed rate increase may be implemented by the Petitioner no earlier than sixty (60) days before the closing date for Petitioner's new Rural Development (RD) loan. The Settling Parties agree that the revised tariff will be subject to the Settling Parties' agreed true-up requirements discussed below.

3. In consideration of the OUCC agreeing to implement a two-increment rate increase, instead of the three-increment increase the OUCC previously proposed, the Petitioner agrees to meet the following additional commitments and reporting requirements:

A. Petitioner agrees to provide a copy of its most recent trust fund statement to the Director of the OUCC's Water/Wastewater Division before this Settlement Agreement is filed.

B. Petitioner agrees to make good faith efforts to meet the new, updated schedule for using the proceeds of the 2002 State Revolving Fund (SRF) loan to complete certain capital improvement projects authorized in Petitioner's

last rate case. (A copy of the agreed construction schedule is attached to this Settlement Agreement as "Exhibit C.")

C. Petitioner agrees to submit quarterly reports to the Director of the OUCC Water/Wastewater Division showing the dates and amounts drawn down from Petitioner's 2002 SRF loan, the dates and amounts of payments by Petitioner for the capital improvement projects funded through that loan, and the dates and amounts of principal and interest payments (or repayments) from Petitioner to the SRF.

D. Petitioner agrees to file an updated amortization schedule for the SRF loan within seven (7) days after all SRF loan proceeds are drawn down.

E. Petitioner agrees to notify the IURC and OUCC within 1 week of receiving any notice of the SRF withdrawing or otherwise restricting the use of the 2002 loan proceeds. In that event, Petitioner agrees to promptly file a revised tariff with the IURC within 1 week of receiving notice of the SRF's loan withdrawal or cancellation. Petitioner's revised tariff shall reduce rates across-the-board by the same dollar amount as the reduction in Petitioner's annual debt service associated with the 2002 SRF loan. The Settling Parties agree that the revised tariff will be deemed approved by the Commission upon filing and will take effect immediately, without requiring an evidentiary hearing or other IURC review, unless otherwise agreed by the Settling Parties.

F. Petitioner agrees to a "true-up" process, to be implemented after Petitioner closes on its new Rural Development (RD) loan to identify any differences between projected and actual project costs or projected and actual debt

service and debt service reserve requirements after the RD loan is issued. Petitioner agrees to file a true-up report with the IURC within 30 days of its RD closing date. The true-up report shall state the actual interest rate and amount borrowed, along with an updated amortization schedule. (Petitioner also agreed to serve copies on the OUCC.)

Petitioner also agrees that as a part of the true-up process, since it will collect more money for debt service on its 2002 SRF loan after the date of the Final Order approving this Settlement Agreement than Petitioner will be required to pay to the SRF during that time, Petitioner shall apply any excess funds collected for debt service to the debt service reserve requirement for Petitioner's new Rural Development loan being authorized in this proceeding.

After applying any excess debt service dollars related to the SRF loan to Petitioner's debt service reserve requirement for the new RD loan authorized herein, the true-up process shall continue as follows. If Petitioner's actual project costs and actual financing costs for projects covered by the proposed new RD loan materially differ from those included in Petitioner's proposed bond amortization schedule for the RD loan, then Petitioner shall file a revised tariff with the IURC within fifteen (15) days of filing its true-up report, giving effect to any material changes in debt service identified in this agreed true-up process. (Copies of any revised tariff filings shall also be served on the OUCC.) The Settling Parties agree that the revised tariff will be deemed approved by the Commission upon filing and will take effect immediately, without requiring an

evidentiary hearing or other IURC review, unless otherwise agreed by the Settling Parties.

G. Petitioner shall file an annual report with the IURC in February of each year, outlining the status of each of the above capital improvement projects. Each annual report shall include the estimated cost of each project, the actual cost of each project to date, the total cost of each project when completed, the projected completion date of each project, and the actual completion date of each project, when concluded. (Copies of each annual report shall also be served on the OUCC.)

H. Petitioner agreed to provide copies of future IDEM compliance letters to the IURC and the OUCC for each of the remaining grid areas still covered by IDEM's moratorium on new service connections within one (1) week of each new grid area being released from that moratorium.

I. Petitioner agreed to deposit all funds collected through rates for future tank maintenance and refurbishments in a dedicated, restricted account to be used only for tank maintenance and refurbishments, unless a future, unexpected emergency requires Petitioner to use those funds to meet debt service, debt service reserve, debt coverage, or other emergency revenue requirement elements agreed upon at that time by the Settling Parties, without requiring further approval by the IURC.

J. Petitioner agreed to form a Water Conservation Committee to develop a 5-year water conservation and efficient use program or plan that meets

Environmental Protection Agency (EPA) guidelines, to be submitted to the OUCC within a year of the IURC's Final Order in this proceeding.

K. To promote early detection of leaks in its system, Petitioner agrees to continue a regular line-walking program and to install additional flow meters on major routes to facilitate immediate corrective action when significant leaks occur. The water conservation plan discussed above should include a schedule for future planned leak prevention and detection activities. Petitioner also agrees to submit information to the OUCC on a quarterly basis showing the monthly percentage of unaccounted-for-water during the most recent 6 months.

L. During the life of these rates, Petitioner agrees to use a 12-year cycle (instead of a 7-year cycle) for recovering meter replacement costs.

4. At the final evidentiary hearing, the Settling Parties will confirm their request that the Commission approve this Settlement Agreement, and all pre-filed evidence will be admitted into the evidentiary record without cross-examination. Except for any witness who will present "live" testimony in support of the Settlement Agreement and Commission approval thereof, no other witness need be present unless the Commission notifies the Settling Parties of the desire to ask questions of any specific witness(es) from the bench, whereupon any such witness(es) shall be present at the scheduled hearing.

5. The Settling Parties agree that the pre-filed testimony and exhibits, along with any other exhibits or live testimony that might be offered into evidence at the noticed public hearing, provide and constitute substantial and sufficient probative

evidence (170 IAC 1-1.1-17(d)) upon which the Commission can and should determine that the Settlement Agreement is reasonable, just and consistent with the purpose of Indiana Code 8-1-2 *et seq.*; that the Settlement Agreement serves the public interest; and that upon approval of this Settlement Agreement by the Commission's Final Order (without any material change from the proposed final order attached to this Settlement Agreement as "Exhibit A"), this proceeding will be finally decided and resolved, without any remaining right of appeal, modification or rehearing, unless otherwise agreed by the Settling Parties.

6. This Settlement Agreement shall not constitute nor be cited as precedent, except as necessary to enforce its terms before the Commission or in any state court of competent jurisdiction. The Settlement Agreement is solely the result of compromise in the settlement process and, except as provided herein, the proposed Final Order is without prejudice to and shall not constitute a waiver of any legal position that either of the Settling Parties may take in any other regulatory proceeding(s).

7. Each of the undersigned represent that he or she is fully authorized to execute this Settlement Agreement on behalf of their designated clients, who agree to be bound by this Settlement Agreement.

8. This Settlement Agreement is contingent upon the Commission's issuance of a Final Order approving the terms of this Settlement Agreement without any material change to the proposed Final Order attached to this Settlement Agreement as "Exhibit A" that is unacceptable to either Settling Party. In the event the Commission does not approve this Settlement Agreement, or approves a modified version that is not acceptable

to either Settling Party, this Settlement Agreement shall be deemed null and void and withdrawn, unless otherwise agreed by the Petitioner and the OUCC.

ACCEPTED AND AGREED this 21<sup>st</sup> day of June, 2007.

BROWN COUNTY WATER UTILITY, INC.

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THE INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR

By: Karol H. Krohn  
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-and-

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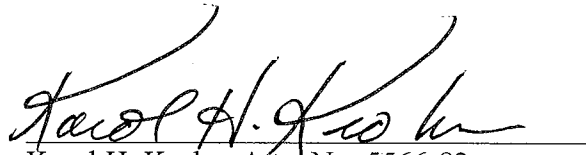


**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing **Stipulation and Settlement Agreement** has been served upon the following counsel of record in the captioned proceeding by electronic service, hand-delivery, and/or by depositing a copy of same in the United States mail, first class postage prepaid, on June 21, 2007.

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Assistant Consumer Counselor

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STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF THE )  
BROWN COUNTY WATER UTILITY, INC. )  
FOR APPROVAL OF A NEW SCHEDULE OF ) CAUSE NO. 43203  
WATER RATE AND CHARGES AND TO )  
INCUR FINANCING INDEBTEDNESS. ) JOINT PROPOSED ORDER

**BY THE COMMISSION:**

**David E. Ziegner, Commissioner**

**Abby R. Gray, Administrative Law Judge**

On January 2, 2007, the Brown County Water Utility ("Petitioner") filed a Petition for approval of a new schedule of water rates and charges and to incur financing indebtedness. Pursuant to notice, the Indiana Utility Regulatory Commission ("Commission") conducted a Prehearing Conference on February 9, 2007, in Room E-306 of the Indiana Government Center South ("IGCS"), 302 West Washington Street, Indianapolis, Indiana. A Prehearing Conference Order was issued on February 14, 2007. Petitioner prefiled its case-in-chief on March 19, 2007, and the Office of the Utility Consumer Counselor prefiled its testimony on June 7, 2007.

On June 21, 2007, the Parties filed a Joint Stipulation and Settlement Agreement ("Joint Stipulation") along with supporting testimony and schedules. Thereafter, Petitioner also filed responses to questions the Commission issued by Docket Entry on June 20, 2007.

Pursuant to notice, as provided by law, an evidentiary hearing was convened on June 26, 2007, in the Commission's hearing room, located in the National City Center, East, 101 West Washington Street, Indianapolis, Indiana. At the June 26, 2007 hearing, all evidence was offered and admitted into the evidentiary record of this proceeding, without objection.

Based upon the applicable law and the evidence of record in this Cause, the Commission now finds that:

1. **Notice and Jurisdiction.** Petitioner is a public utility organized and existing under the laws of the State of Indiana and is subject to the jurisdiction of this Commission under Indiana law including, without limitation, Ind. Code 8-1-2-1, and other applicable provisions of Ind. Code 8-1-2, *et seq.* Notice of the prehearing conference and the evidentiary hearing was provided as required by law. The Commission has jurisdiction over the Petitioner and the subject matter of this Cause.

2. **Petitioner's Characteristics.** Petitioner is an Indiana not-for-profit corporation organized and existing by virtue of the laws of the State of Indiana for the purpose of providing a water works system to serve the members of the corporation in Brown County, Indiana. Petitioner owns and operates plant and equipment within the State of Indiana for the production, transmission, delivery, and furnishing of water to the public within and around Brown County, Indiana. Petitioner's existing schedule of water rates and charges was approved by the Commission on August 24, 2000, in Cause No. 41712.

3. **Test Year.** The test year used by Petitioner for determining Petitioner's annual revenue requirement in this Cause was the 12 months ended December 31, 2006, with adjustments for changes which are fixed, known, and measurable and which will occur within 12 months following the end of the test year. We find this test year to be sufficiently representative of Petitioner's ongoing operations to use for ratemaking purposes.

4. **Relief Requested.** Petitioner has requested approval of a new schedule of water rates and charges and authority to finance the construction of certain improvements to its facilities by the issuance of indebtedness. Petitioner proposes to borrow \$6,649,000 from the United States Department of Agriculture Rural Development Agency ("USDA-RDA") for the construction of plant improvements.

Petitioner has requested an increase in its rates and charges in the total amount of 48.7%. Petitioner has additionally requested permission to unify its two rate divisions. Currently, customers in the Northern Division are charged slightly less than customers in the Southern Division.

Petitioner and the OUCC have stipulated that rates will increase 44.32% and will be implemented in two increments, with Phase I to occur upon issuance and compliance by Petitioner with the Commission's order granting the requested relief, prior to Petitioner incurring the requested additional long-term debt for planned capital improvement projects. Phase I rates will cover increased operating expenses incurred since Petitioner's last rate case order (August 24, 2000, Cause No. 41712).

The Phase II rate increase would occur, pursuant to the stipulation of Petitioner and the OUCC, no earlier than sixty (60) days before the closing date for Petitioner's new USDA-RDA loan. The Phase II rate increase will cover increased debt service and debt service reserve on the new indebtedness.

5. **Petitioner's Proposed Capital Improvement Projects.** Petitioner requests authority to incur long-term indebtedness in the form of a loan in the amount of \$6,649,000 from USDA-RDA, to finance construction of a new treatment plant, well field expansion, a clear well,

elevated storage tank and all other necessary appurtenances thereto, which improvements will allow Petitioner to continue to provide adequate and reliable service to its customers.

6. **Petitioner's Revenue Requirements.** Petitioner and the OUCC have stipulated that the Commission should accept and approve an agreed two-increment rate increase instead of the single-increment rate increase originally proposed by Petitioner or the three-increment increase proposed by the OUCC. Petitioner and the OUCC have stipulated and we now find that Petitioners' *pro forma* revenue requirement elements, under the agreed two-increment rate increase are as follows:

	Phase 1	Phase 2	Total Increase
<b>Pro-Forma Revenue Requirements</b>			
Operation and Maintenance Expenses	\$1,853,347	\$1,899,970	\$1,899,970
Amortization Expense	11,306	11,306	11,306
Taxes other than Income	32,784	32,784	32,784
Historical Extensions & Replacements	354,132	354,132	354,132
Debt Service – Revenue Bonds Series 1996 - G	204,487	204,487	204,487
Debt Service - Build Indiana Funds	191,575	191,575	191,575
Debt Service – SRF	270,315	270,315	270,315
Debt Service – Rural Development (Proposed)	0	372,339	372,339
Debt Service Reserve	0	34,530	34,530
Working Capital	21,302	22,468	22,468
Pro-Forma Revenue Requirements	\$2,939,248	\$3,393,906	\$3,393,906
Less: Town of Nashville – Facility Charges	135,168	135,168	135,168
Other Operating Revenues	42,656	42,656	42,656
Recurring Interest Income	36,372	36,372	36,372
Adjusted Pro-Forma Revenue Requirements	\$2,725,052	\$3,179,710	\$3,179,710

Less: Present Rate Revenues	<u>2,203,228</u>	<u>2,725,052</u>	<u>2,203,228</u>
Increase Required - \$	<u>\$521,824</u>	<u>\$454,658</u>	<u>\$976,482</u>
Increase Required - %	<u>23.68%</u>	<u>16.68%</u>	<u>44.32%</u>

The parties have agreed that Petitioner's *pro forma* present rate revenues total \$2,203,228. The Commission finds that the rates and charges currently in effect for services rendered by Petitioner are not adequate to provide for Petitioner's annual revenue requirement and should be increased. We find that Petitioner should be authorized to increase its rates by 23.68% to produce an additional \$521,824 in annual revenue in Phase I and an additional \$454,658 in revenue in Phase II, for a total of \$976,482 in additional annual revenue, yielding total annual revenue of \$3,179,710 after the second rate increment is implemented.

7. **Other Matters.** The Parties also reached agreement on several other matters, discussed below:

A. Petitioner agreed to provide a copy of its most recent trust fund statement to the Director of the OUCC's Water/Wastewater Division before this Settlement Agreement is filed.

B. Petitioner agreed to make good faith efforts to meet the new, updated schedule for using the proceeds of the 2002 State Revolving Fund (SRF) loan to complete certain capital improvement projects authorized in Petitioner's last rate case. (See Exhibit C to the Parties' Stipulation and Settlement Agreement. A copy of the Stipulation and Settlement Agreement, marked as "Attachment 1," is attached to and made a part of this Order.)

C. Petitioner agreed to submit quarterly reports to the Director of the OUCC Water/Wastewater Division showing the dates and amounts drawn down from Petitioner's 2002 SRF loan, the dates and amounts of payments by Petitioner for the capital improvement projects funded through that loan, and the dates and amounts of principal and interest payments (or repayments) from Petitioner to the SRF.

D. Petitioner agreed to file an updated amortization schedule for the SRF loan within seven (7) days after all SRF loan proceeds are drawn down.

E. Petitioner agreed to notify the IURC and OUCC within 1 week of receiving any notice of the SRF withdrawing or otherwise restricting the use of the 2002 loan proceeds. In that event, Petitioner agreed to promptly file a revised tariff with the IURC within 1 week of receiving notice of the SRF's loan withdrawal or cancellation. Petitioner's revised tariff shall reduce rates by the same dollar amount as the reduction in Petitioner's annual debt service associated with the 2002 SRF loan. The Settling Parties agreed that the revised tariff will be deemed approved by the Commission upon filing and will take effect immediately, without requiring an evidentiary hearing or other IURC review, unless otherwise agreed by the Settling Parties.

F. Petitioner agreed to a "true-up" process, to be implemented after Petitioner closes on its new USDA-RDA loan to identify any differences between projected and actual project costs or projected and actual debt service and debt service reserve requirements after the USDA-RDA loan is issued. Petitioner agreed to file a true-up report with the IURC within 30 days of its USDA-RDA closing date. The true-up report shall state the actual interest rate and amount borrowed, along with an updated amortization schedule.

Petitioner agreed that it will collect more money for debt service on its 2002 SRF loan after the date of the Final Order approving this Settlement Agreement than Petitioner will be required to pay to the SRF during that time. Therefore, as part of the true-up process, Petitioner also agreed to apply any excess funds it collects for debt service on the SRF loan to the debt service reserve requirement for the new USDA-RDA loan being authorized in this proceeding.

After applying any excess debt service dollars related to the SRF loan to Petitioner's debt service reserve requirement for the new USDA-RDA loan authorized herein, the true-up process shall continue as follows. If Petitioner's actual project costs and actual financing costs for projects covered by the proposed new USDA-RDA loan materially differ from those included in Petitioner's proposed bond amortization schedule for that loan, then Petitioner shall file a revised tariff with the IURC within fifteen (15) days of filing its true-up report, giving effect to any material changes in debt service identified in the agreed true-up process. (Copies of any revised tariff filings shall also be served on the OUCC.) The Settling Parties agreed that the revised tariff will be deemed approved by the Commission upon filing and will take effect immediately, without requiring an evidentiary hearing or other Commission review, unless otherwise agreed by the Settling Parties.

G. Petitioner agreed to file an annual report with the Commission in February of each year, outlining the status of each of the capital improvement projects funded under the SRF loan approved in Cause No. 41712 and the USDA-RDA loan approved in this proceeding. Each annual report shall include the estimated cost of each project, the actual cost of each project to date, the total cost of each project when completed, the



projected completion date of each project, and the actual completion date of each project, when concluded.

H. Petitioner agreed to provide copies of future Indiana Department of Environmental Management (IDEM) compliance letters to the Commission and to the OUCC for each of the remaining grid areas still covered by IDEM's moratorium on new service connections within one (1) week of each new grid area being released from that moratorium.

I. Petitioner agreed to deposit all funds collected through rates for future tank maintenance and refurbishments in a dedicated, restricted account to be used only for tank maintenance and refurbishments, unless a future, unexpected emergency requires Petitioner to use those funds to meet debt service, debt service reserve, debt coverage, or other emergency revenue requirement elements agreed upon at that time by the Settling Parties, without requiring further approval by the IURC.

J. Petitioner agreed to form a Water Conservation Committee to develop a 5-year water conservation and efficient use plan or program that meets Environmental Protection Agency (EPA) guidelines, to be submitted to the OUCC within a year of the Commission's Final Order in this proceeding.

K. To promote early detection of leaks in its system, Petitioner agreed to continue a regular line-walking program and to install additional flow meters on major routes to facilitate immediate corrective action when significant leaks occur. Petitioner's water conservation plan should include a schedule for future planned leak prevention and detection activities. Petitioner also agreed to submit information to the OUCC on a

quarterly basis showing the monthly percentage of unaccounted-for-water during the most recent 6 months.

L. During the life of these rates, Petitioner agreed to use a 12-year cycle (instead of a 7-year cycle) for recovering meter replacement costs.

Based on the evidence of record, we find that the above agreements are reasonable and should be approved without change.

8. **Approval of Stipulation and Settlement Agreement.** Based on the evidence, we find that the Parties' Stipulation and Settlement Agreement should be approved. (A copy of the Stipulation and Settlement Agreement, marked as "Attachment 1," is attached to this Order and incorporated herein by reference.) With regard to future citation of this Order, we find that our approval herein should be construed in a manner consistent with our findings in *Richmond Power & Light*, Cause No. 40434 (IURC 3/19/97).

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Petitioner is hereby authorized to commence and complete all of the capital improvement projects discussed and approved in this Order. This authority is conditioned on Petitioner's compliance with commitments and project reporting requirements recommended by the OUCC and approved and adopted in Finding Paragraph 8 of this Order.

2. Petitioner shall be and is hereby authorized to incur additional long-term indebtedness, not to exceed \$6,649,000, in the form of a loan from USDA-RDA.

3. Petitioner shall be and hereby is authorized to implement the phased-in rate increases discussed in Finding Paragraph 7 of this Order, for a total rate increase of 44.32% by the end of the two-step phase-in.

4. Petitioner shall file with the Accounting and Finance Division of the Commission new schedules of rates and charges before placing in effect the rate increase authorized herein. Upon approval by the Commission's Accounting and Finance Division, Petitioner's revised rate schedules shall immediately take effect and cancel all of Petitioner's previously approved schedules of rates and charges.

5. Petitioner shall pay the following itemized charges within twenty (20) days from the date of this Order into the Treasury of the State of Indiana, through the Secretary of the Commission:

Commission Charges	\$
Reporting Charges	\$
Legal Advertising Charges	\$
OUCC Charges	\$
Total	\$

6. The Stipulation and Settlement Agreement shall be and hereby is approved, and Petitioner shall be and hereby is required to fulfill its obligations thereunder as ordered herein.

7. This Order shall be effective on and after the date of its approval.

HARDY, GOLC, LANDIS, SERVER AND ZIEGNER CONCUR:

APPROVED:

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I hereby certify that the above is a true  
and correct copy of the Order as approved.

Brenda A. Howe  
Secretary to the Commission

## **ATTACHMENT 1**

["ATTACHMENT 1" to the proposed Final Order, which is identified therein as a copy of the Stipulation and Settlement Agreement, is intentionally omitted here to avoid duplicating the cover pleading.]

BROWN COUNTY WATER UTILITY, INC.  
CAUSE NUMBER 43203

## \*\*\* SETTLEMENT SCHEDULES \*\*\*

Comparison of Petitioner's and OUCC's  
Revenue Requirements

	Per Petitioner	Per OUCC			Sch Ref	OUCC More (Less)
		Initial Rates & SRF	RD	Overall		
Operating Expenses	\$ 1,970,507	\$ 1,853,347	\$ 1,899,970	\$ 1,899,970	4	\$ (70,537)
Taxes other than Income	32,784	32,784	32,784	32,784	4	-
Amortization	11,306	11,306	11,306	11,306	3	-
Extensions and Replacements	370,176	354,132	354,132	354,132	7	(16,044)
Working Capital	17,646	21,302	22,468	22,468	8	4,822
Debt Service	1,053,852	666,377	1,038,716	1,038,716	9	(15,136)
Debt Service Reserve	34,530	-	34,530	34,530	10	-
Total Revenue Requirements	3,490,801	2,939,248	3,393,906	3,393,906		(96,895)
Less: Interest Income	36,372	36,372	36,372	36,372	3	-
Net Revenue Requirements	3,454,429	2,902,876	3,357,534	3,357,534		(96,895)
Less: Revenues at current rates subject to increase	(2,203,228)	(2,203,228)	(2,725,051)	(2,203,228)	4	-
Other revenues at current rates	(177,824)	(177,824)	(177,824)	(177,824)	4	-
Net Revenue Increase Required	\$ 1,073,377	\$ 521,823	\$ 454,658	\$ 976,481		\$ (96,895)
Recommended Percentage Increase	48.72%	23.68%	16.68%	44.32%		-4.40%

Current Rate for 5,000 Gallons	Proposed			OUCC More (Less)
	Petitioner	Initial Rates & SRF	RD	
Current Rate = \$45.15	\$ 67.15	\$ 55.85	65.17	\$ (1.98)

**BROWN COUNTY WATER UTILITY, INC.**  
**CAUSE NUMBER 43203**

\*\*\* SETTLEMENT SCHEDULES \*\*\*

**Reconciliation of Net Operating Income Statement Adjustments**  
*Pro-forma Proposed Rates*

	Per Petitioner	Per OUCC			OUCC More (Less)
		Initial Rates & SRF	RD	Overall	
Operating Revenues					
Water Sales	\$ 14,338	\$ 14,338	\$ -	\$ 14,338	-
Facility Charges	(5,517)	(5,517)	-	(5,517)	-
Tap Fees	(77,308)	(77,308)	-	(77,308)	-
Other	(488)	(488)	-	(488)	-
Total Operating Revenues	(68,975)	(68,975)	-	(68,975)	-
O&M Expense					
Payroll Expense	17,088	17,088	-	17,088	-
Insurance - Health/Life	18,927	18,927	-	18,927	-
Purchased water - Jackson County	14,984	14,984	-	14,984	-
Purch Water-Indpls. Water	62,440	62,440	-	62,440	-
Insurance - Property/Liability	5,810	5,810	-	5,810	-
Heating	1,200	-	7,200	7,200	6,000
Purch Power New Facilities	11,440	-	11,440	11,440	-
Capital Expenditures	(16,891)	(74,803)	-	(74,803)	(57,912)
Maint Storage Facilities	37,275	49,528	8,000	57,528	20,253
Well cleaning	22,600	2,600	2,000	4,600	(18,000)
Pump maintenance	24,621	(2,189)	5,000	2,811	(21,810)
Media filter	8,000	-	12,500	12,500	4,500
IDEM regulatory fee	124	124	-	124	-
IURC fee	775	378	483	861	86
Holiday Party	-	(3,654)	-	(3,654)	(3,654)
Amortization Expense	-	-	-	-	-
Taxes Other than Income	(1,282)	(1,282)	-	(1,282)	-
Total Operating Expenses	207,111	89,951	46,623	136,574	(70,537)
Net Operating Income	\$ (276,085)	\$ (158,925)	\$ (46,623)	\$ (205,548)	\$ 70,537

BROWN COUNTY WATER UTILITY, INC.  
STATE REVOLVING FUND  
AND  
BUILD INDIANA FUND  
TABLE 1

PROJECT	DESCRIPTION	PER ESTIMATED PROJECT COST	STATUS	
A-1	HAGGARD ROAD	\$15,397	COMPLETED	
A-1	BECKS GROVE ROAD	30,794	COMPLETED	
A-1	POPLAR GROVE ROAD	128,255	COMPLETED	
A-2	RICHARDS GROVE ROAD	91,400	COMPLETED	
A-2	CARMEL RIDGE-BEAR CREEK	159,803	COMPLETED	
A-2	BEAR CREEK-SLIPPERY ELM	208,157	COMPLETED	
A-3	SWEETWATER TRAIL	185,635	COMPLETED	
A-3	MT. MARIAH ROAD	128,091	COMPLETED	
A-3	PERSIMMON RIDGE ROAD	38,198	COMPLETED	
A-3	GREEN ROAD	95,315	COMPLETED	
A-3	FORD RIDGE	31,253	COMPLETED	
A-3	VAUGHT ROAD	24,111	COMPLETED	
A-3	UPPER SALT CREEK ROAD	45,143	COMPLETED	
A-3	GOLD POINT ROAD	28,485	COMPLETED	
A-3	OFFICE BUILDING	200,000	COMPLETED	
A-5	UPPER SALT CREEK	68,403	COMPLETED	
A-6	FRUITDALE ROAD	41,118	COMPLETED	
A-6	SMITH ROAD	101,793	COMPLETED	
PER ESTIMATED PROJECT COST COMPLETED PROJECTS		\$1,621,351		
A-6	LAKE LEMON WATER STORAGE TANK	\$283,500	UNDER CONTRACT	
A-3	MT. NEBO BOOSTER	37,800	NEARLY READY TO BID	IDEM Submission to Bid 6/30/2007
A-5	WALLOW HOLLOW ROAD	233,415	NEARLY READY TO BID	6/30/2007
A-5	CLAY LICK ROAD	194,201	NEARLY READY TO BID	6/30/2007
A-5	TIMBER CREST ROAD	176,806	NEARLY READY TO BID	6/30/2007
A-5	SALT CREEK ROAD	106,634	NEARLY READY TO BID	6/30/2007
A-5	CLAY LICK-TIMBER CREST	115,970	NEARLY READY TO BID	6/30/2007
PER ESTIMATED PROJECT COST NEARLY READY TO BID		\$864,826		
A-6	UNITY CHURCH-BITTERSWEET	\$574,119	90% DESIGN	9/30/2007
A-6	HOMESTEAD ROAD	88,452	90% DESIGN	9/30/2007
A-6	GATEVILLE ROAD	107,371	90% DESIGN	9/30/2007
A-6	GEORGETOWN ROAD BOOSTER	88,200	80% DESIGN	9/30/2007
A-4	GATESVILLE ROAD	68,796	0% DESIGN	
A-4	HOOVER ROAD	375,430	0% DESIGN	
A-4	MT. LIBERTY ROAD	313,268	85% DESIGN	
A-4	HAPPY HOLLOW CAMP TRAIL	112,039	85% DESIGN	
A-4	HAPPY HOLLOW TANK	403,200	0% DESIGN	
PER ESTIMATED PROJECT COST OF REMAINING PROJECTS		\$2,130,875		
PER TOTAL ESTIMATED PROJECT COST		\$4,900,552		



BROWN COUNTY WATER UTILITY, INC.  
 UPDATED ESTIMATED CONSTRUCTION COST  
 FOR STATE REVOLVING FUND  
 TABLE 2

PROJECT	DESCRIPTION	PER ESTIMATE	CONSTRUCTION ESTIMATE						
A-3	MT. NEBO BOOSTER	\$33,000	\$41,200						
A-5	WALLOW HOLLOW ROAD	171,600	214,500						
A-5	CLAY LICK ROAD	169,541	211,900						
A-5	TIMBER CREST ROAD	154,354	192,900						
A-5	SALT CREEK ROAD	93,093	116,400						
A-5	CLAY LICK-TIMBER CREST	101,224	126,600						
A-6	UNITY CHURCH-BITTERSWEET	501,215	626,500						
A-6	HOMESTEAD ROAD	77,220	96,500						
A-6	GATESVILLE ROAD	93,737	117,200						
A-6	GEORGETOWN ROAD BOOSTER	77,000	96,300						
A-6	LAKE LEMON WATER STORAGE TANK	247,500	412,400						
TOTAL ESTIMATED CONSTRUCTION COST			\$2,252,400						
		IDEM submittal	Bid	Award	Construction	Start	Substantial completion		
	MT. NEBO BOOSTER	6/10/2007	7/16/2007	8/15/2007	9/1/2007	9/1/2007	7/31/2008		
	WALLOW HOLLOW ROAD	6/10/2007	7/16/2007	8/15/2007	9/1/2007	9/1/2007	7/31/2008		
	CLAY LICK ROAD	6/10/2007	7/16/2007	8/15/2007	9/1/2007	9/1/2007	7/31/2008		
	TIMBER CREST ROAD	6/10/2007	7/16/2007	8/15/2007	9/1/2007	9/1/2007	7/31/2008		
	SALT CREEK ROAD	6/10/2007	7/16/2007	8/15/2007	9/1/2007	9/1/2007	7/31/2008		
	CLAY LICK-TIMBER CREST	6/10/2007	7/16/2007	8/15/2007	9/1/2007	9/1/2007	7/31/2008		
	UNITY CHURCH-BITTERSWEET	9/30/2007	10/31/2007	11/15/2007	12/15/2007	12/15/2007	12/15/2008		
	HOMESTEAD ROAD	9/30/2007	10/31/2007	11/15/2007	12/15/2007	12/15/2007	12/15/2008		
	GATESVILLE ROAD	9/30/2007	10/31/2007	11/15/2007	12/15/2007	12/15/2007	12/15/2008		
	GEORGETOWN ROAD BOOSTER	9/30/2007	10/31/2007	11/15/2007	12/15/2007	12/15/2007	12/15/2008		
	LAKE LEMON WATER STORAGE TANK			6/1/2007	6/15/2007	6/15/2007	12/15/2007		



Brown County Water  
PER Draw Down Schedule

TABLE 4

Project	Estimated Construction Cost	June-07	July-07	August-07	September-07	October-07	November-07	December-07	January-08	February-08	March-08
MT. NEBO BOOSTER	\$41,200				\$2,060	\$6,180	\$6,180	\$6,180	\$4,120	\$2,060	\$2,060
WALLOW HOLLOW ROAD	\$214,500				\$10,725	\$32,175	\$32,175	\$32,175	\$21,450	\$10,725	\$10,725
CLAY LICK ROAD	\$211,900				\$10,595	\$31,785	\$31,785	\$31,785	\$21,190	\$10,595	\$10,595
TIMBER CREEK ROAD	\$192,900				\$9,645	\$28,935	\$28,935	\$28,935	\$19,290	\$9,645	\$9,645
SALT CREEK ROAD	\$116,400				\$5,820	\$17,460	\$17,460	\$17,460	\$11,640	\$5,820	\$5,820
CLAY LICK-TIMBER CREST	\$126,600				\$6,330	\$18,990	\$18,990	\$18,990	\$12,660	\$6,330	\$6,330
UNITY CHURCH-BITTERSWEET	\$626,500							\$31,325	\$62,650	\$31,325	\$31,325
HOMESTEAD ROAD	\$96,500							\$4,825	\$9,650	\$4,825	\$4,825
GATESVILLE ROAD	\$117,200							\$5,860	\$11,720	\$5,860	\$5,860
GEORGETOWN ROAD BOOSTER	\$96,300							\$4,815	\$9,630	\$4,815	\$4,815
LAKE LEMON WATER STORAGE TANK	\$412,400							\$20,620	\$41,240	\$20,620	\$20,620
<b>Total</b>	<b>\$2,252,400</b>				<b>\$45,175</b>	<b>\$135,525</b>	<b>\$135,525</b>	<b>\$316,225</b>	<b>\$225,240</b>	<b>\$857,055</b>	<b>\$969,675</b>
				Subtotal	\$45,175	\$135,525	\$135,525	\$316,225	\$225,240	\$857,055	\$969,675
				Running Total	\$45,175	\$180,700	\$316,225	\$519,195	\$744,435	\$1,601,490	\$2,571,165

Project	April-08	May-08	June-08	July-08	August-08	September-08	October-08	November-08	December-08	Total
MT. NEBO BOOSTER	\$6,180	\$4,120	\$1,236	\$824						\$41,200
WALLOW HOLLOW ROAD	\$32,175	\$21,450	\$6,435	\$4,290						\$214,500
CLAY LICK ROAD	\$31,785	\$21,190	\$6,357	\$4,238						\$211,900
TIMBER CREEK ROAD	\$28,935	\$19,290	\$5,767	\$3,858						\$192,900
SALT CREEK ROAD	\$17,460	\$11,640	\$3,492	\$2,328						\$116,400
CLAY LICK-TIMBER CREST	\$18,990	\$12,660	\$3,798	\$2,532						\$126,600
UNITY CHURCH-BITTERSWEET	\$62,650	\$93,975	\$125,300	\$93,975	\$62,650	\$18,795	\$6,265	\$0	\$6,265	\$626,500
HOMESTEAD ROAD	\$9,650	\$14,475	\$19,300	\$14,475	\$9,650	\$2,895	\$965	\$0	\$965	\$96,500
GATESVILLE ROAD	\$11,720	\$17,580	\$23,440	\$17,580	\$11,720	\$3,516	\$1,172	\$0	\$1,172	\$117,200
GEORGETOWN ROAD BOOSTER	\$9,630	\$14,445	\$19,260	\$14,445	\$9,630	\$2,889	\$963	\$0	\$963	\$96,300
LAKE LEMON WATER STORAGE TANK	\$41,240	\$61,860	\$82,480	\$61,860	\$41,240	\$12,372	\$4,124	\$0	\$4,124	\$412,400
<b>Total</b>	<b>\$270,415</b>	<b>\$292,685</b>	<b>\$296,885</b>	<b>\$220,405</b>	<b>\$134,890</b>	<b>\$40,467</b>	<b>\$2,238,911</b>	<b>\$2,238,911</b>	<b>\$0</b>	<b>\$2,252,400</b>
	\$1,240,090	\$1,532,775	\$1,829,660	\$2,050,065	\$2,184,955	\$2,225,422	\$2,238,911	\$2,238,911	\$2,238,911	\$2,252,400
			Subtotal	\$270,415	\$292,685	\$296,885	\$220,405	\$134,890	\$40,467	\$2,225,422
			Running Total	\$1,240,090	\$1,532,775	\$1,829,660	\$2,050,065	\$2,184,955	\$2,238,911	\$2,252,400

EXHIBIT C